

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 529

H.P. 398

House of Representatives, March 1, 1989

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative ROLDE of York.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

An Act to Regulate Health Insurance Rates.



1 **Be it enacted by the People of the State of Maine as follows:**

3 **Sec. 1. 22 MRSA §389**, as enacted by PL 1983, c. 579, §10, is
5 amended to read:

7 **§389. Penalties**

9 Any person who knowingly violates ~~any provision of~~ this
11 chapter or Title 24-A, chapter 36, or any valid order or rule
13 made or promulgated pursuant to this chapter or Title 24-A,
15 chapter 36, or who willfully fails, neglects or refuses to
17 perform any of the duties imposed upon ~~him~~ that person under this
19 chapter or under Title 24-A, chapter 36, shall be deemed to have
committed a civil violation for which a forfeiture of not more
than \$1,000 a day may be adjudged, unless specific penalties are
elsewhere provided for, and provided that any forfeiture imposed
under this section shall not exceed \$25,000 for any one
occurrence.

21 **Sec. 2. 22 MRSA c. 107, sub-c. I-A** is enacted to read:

23 SUBCHAPTER I-A

25 HEALTH INSURANCE RATE REGULATION

27 §393. Authority to regulate health insurance rates

29 The commission shall have the authority, in accordance with
31 Title 24-A, chapter 36, to regulate rates charged for health
insurance policies to be delivered or issued for delivery to
persons in the State.

33 **Sec. 3. 22 MRSA §400**, as enacted by PL 1987, c. 440, §4, is
35 amended to read:

37 **§400. Sunset of the Maine Health Care Finance Commission**

39 Unless continued or modified by law, the authority of the
41 Maine Health Care Finance Commission to regulate any aspect of
43 health care costs other than health insurance rates is terminated
45 effective October 1, 1989. If that authority of the Maine Health
47 Care Finance Commission is terminated October 1, 1989, the
commission shall have a grace period not to extend beyond October
1, 1990, in which to complete its those duties. During the grace
period, termination shall not reduce or otherwise limit the
powers of authority of the commission.

49 **Sec. 4. 24 MRSA §2321**, as amended by PL 1985, c. 648, §1, is
repealed and the following enacted in its place:

1 §2321. Rate filings on subscriber and membership contracts

3 Nonprofit hospital and medical service organizations shall
4 be subject to the requirements of Title 24-A, chapter 36. No
5 subscriber or membership contract shall be issued in the State
6 unless the rate charged for that contract has been approved by
7 the Maine Health Care Finance Commission pursuant to Title 24-A,
8 chapter 36.

9
10 Sec. 5. 24 MRSA §2322, as repealed and replaced by PL 1979,
11 c. 558, §3, is repealed.

12 Sec. 6. 24 MRSA §2323, as repealed and replaced by PL 1979,
13 c. 558, §4, is repealed.

14 Sec. 7. 24 MRSA §2326, as enacted by PL 1979, c. 558, §5, is
15 repealed.

16 Sec. 8. 24 MRSA §2327, as amended by PL 1985, c. 648, §2, is
17 repealed.

18 Sec. 9. 24-A MRSA §2736, as amended by PL 1985, c. 648, §10,
19 is repealed.

20 Sec. 10. 24-A MRSA §2736-A, as repealed and replaced by PL
21 1979, c. 558, §8, is repealed.

22 Sec. 11. 24-A MRSA §2736-B, as enacted by PL 1979, c. 558,
23 §9, is repealed.

24 Sec. 12. 24-MRSA §2839, as amended by PL 1985, c. 648, §11,
25 is repealed.

26 Sec. 13. 24-A MRSA c. 36 is enacted to read:

27 CHAPTER 36

28 REGULATION OF HEALTH INSURANCE RATES

29 §2847. Scope of chapter

30 This chapter applies to all health insurance policies to be
31 delivered or issued for delivery to any person in the State.

32 §2848. Definitions

33 As used in this chapter, unless the context otherwise
34 indicates, the following terms have the following meanings.

35 1. Commission. "Commission" means the Maine Health Care
36 Finance Commission created in Title 22, chapter 107.

37 2. Health insurance policy. "Health insurance policy"
38 means a contract or policy providing health insurance within the

1 meaning of section 704, except that the term does not include the
2 following:

3 A. Any policy of liability or workers' compensation
4 insurance with or without supplementary coverage;

5 B. Life insurance, endowment or annuity contracts or
6 contracts supplemental to any such contract which contain
7 only such provisions relating to health insurance as:

8 (1) Provide additional benefits in case of death or
9 dismemberment or loss of sight by accident or
10 accidental means; or

11 (2) Operate to safeguard those contracts against
12 lapse, or to give a special surrender value or special
13 benefit or an annuity if the insured or annuitant
14 becomes totally and permanently disabled, as defined by
15 the contract or supplemental contract;

16 C. Reinsurance; and

17 D. Legal services insurance.

18 **§2849. Rate filings on health insurance policies**

19 1. Unapproved rates prohibited. No insurer may charge a
20 rate for a health insurance policy if the rate has not been
21 approved by the commission pursuant to this chapter.

22 2. Filing of rates for approval. Every insurer shall file
23 with the commission every rate it proposes to charge for health
24 insurance and every rating formula, classification of risks and
25 every modification of any formula or classification which it has
26 used or which it proposes to use in establishing that rate.

27 3. Content of filing. A rate filing shall include
28 sufficient information to enable the commission to determine
29 whether the rates meet the requirements of this chapter. The
30 commission shall adopt rules setting forth the information
31 required.

32 4. Public information. A rate filing, including supporting
33 information, shall be a public record within the meaning of Title
34 1, section 402, subsection 3, and shall become part of the
35 official record of any hearing held pursuant to section 2850.

36 **§2850. Approval of rates**

37 1. Standards for approval. The commission shall review
38 rate filings and shall approve the proposed rates only if it
39 finds that the premium rates proposed are not excessive,
40

1 inadequate or unfairly discriminatory and the rates do not
3 violate section 2159 or 2159-A. In determining whether an
5 increased rate is excessive, the commission shall consider
7 whether the increase in rates substantially exceeds the increase
9 in health care costs in the State. The commission shall adopt
11 rules setting forth the standards it will use to determine
13 whether rates are excessive, inadequate or discriminatory.

9 2. Hearing. In addition to reviewing the materials
11 submitted in the filing, the commission shall hold a public
13 hearing to hear comments on the proposed rates. The hearing
15 shall conform to the procedural requirements of the Maine
17 Administrative Procedure Act, Title 5, chapter 375, subchapter IV.

15 3. Order. The commission shall issue its order within 30
17 days after the close of the hearing. In the order, the commission
19 shall either approve or disapprove the rate filing. If it
21 disapproves the rate filing, the commission shall specify the
23 filing it would approve and authorize the insurer to submit a new
25 filing in accordance with the terms of its order or decision.

23 4. Effective date. If the commission approves the rates,
25 the rates shall become effective on the effective date specified
27 in the filing or the date specified in the commission's order,
29 whichever is later. Approved rates shall be effective for no
31 more than 3 years, except that rates for nursing home care and
33 long-term care insurance policies defined in chapter 68 with
35 guaranteed level premiums shall be effective for the duration of
37 the contract.

31 5. Procedures; rules. Subject to the requirements of the
33 Maine Administrative Procedure Act, Title 5, chapter 375, the
35 commission may adopt rules implementing this chapter.

STATEMENT OF FACT

39 Under current law, the Bureau of Insurance is authorized to
41 regulate rates charged for individual health insurance policies
43 and contracts and is authorized to collect information on group
45 rates. The purpose of this bill is to require the Maine Health
47 Care Finance Commission to review and approve or disapprove
49 individual and group health insurance rates. The bill requires
insurers to file proposed rates and other information with the
commission and prohibits insurers from charging rates which have
not been approved by the commission. The bill also repeals the
authority of the Bureau of Insurance to approve or disapprove
health insurance rates.